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To ensure access to high-quality,
patient-centered, cost-effective
health care to Los Angeles County
residents through direct services at
DHS facilities and
through collaboration
with community and
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PROVIDER INFORMATION NOTICE

PIN: 15 – 04

TITLE: GENERAL PROVISIONS FOR ALL INSURANCE
COVERAGE

DATE: November 12, 2015

This is to reiterate the Department's requirements for General Insurance under the My Health LA (MHLA) program. The MHLA Agreement states:

8.28 GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE

Without limiting the indemnification provisions herein, and in the performance of this Agreement and until all of Contractor's obligations pursuant to this Agreement have been met, Contractor shall provide and maintain at its own expense insurance coverage satisfying the requirements specified in Sub-paragraphs 8.28 and 8.29 of this Agreement. These minimum insurance coverage terms, types and limits (the "Required Insurance") also are in addition to and separate from any other contractual obligation imposed upon Contractor pursuant to this Agreement. County in no way warrants that the Required Insurance is sufficient to protect Contractor for liabilities which may arise from or relate to this Agreement.

Background

The Department of Health Services' (DHS) Contracts and Grants Division (C&G) is responsible for ensuring compliance with the General Insurance requirements of all DHS service agreements including for the MHLA Program. Reviews of general insurance requirements are conducted on an ongoing basis as the coverage expires with the expectation that insurance renewal documents are submitted timely and in accordance with the MHLA contract provisions.

Provider Instructions

It is essential that all Community Partners (CPs) track the expiration dates of their insurance coverage, renew their insurance coverage on time, and submit proof of renewal to C&G every year prior to expiration. It is the responsibility of the CP to maintain this coverage throughout the term of the MHLA Agreement, and for some types of coverage, beyond the expiration of the Agreement. This means that all clinics should review the MHLA Agreement provisions for all required insurance coverage, Additional Insured Endorsements, Waivers of Subrogation, be aware of when coverage expires, and ensure that renewal documents are submitted to C&G timely.

Sometimes clinics ask their insurer and/or insurance broker to submit insurance documents directly to C&G. However, C&G requests that this information be submitted by the clinic, when possible. Insurance brokers do not always submit the requested/needed documents, and at times the CP has been unclear about what the insurance broker has submitted to C&G on their behalf. If a CP chooses to have the insurance broker send the information to DHS directly, it is the CPs responsibility to work with their respective insurance brokers to ensure that complete and accurate renewal documents are submitted in accordance with the provisions of the MHLA agreement.

Non-Compliance

C&G will continue to conduct compliance reviews of insurance requirements. When non-compliance is identified and encountered, C&G will formally notify the CP in writing and identify the area(s) of non-compliance. The CP will be given up to a maximum of thirty (30) calendar days to submit complete and accurate evidence of coverage renewal. If the required evidence of insurance renewal is not received by the given due date, C&G will notify the MHLA Program office and DHS' Fiscal Services Division, and in accordance with the contract provisions, the Department will initiate the process to temporarily withhold payment of the Monthly Grant Funding (MGF) payments for Primary Care Services and Fee-For-Service payments for Dental Services, if applicable. Withholding of payment will continue until complete and accurate evidence of coverage is received by County. Once C&G receives and reviews evidence of coverage and is satisfactory to County, it will notify the CP, MHLA Program office, and DHS' Fiscal Services in writing, and will include the date of when such evidence was accepted. Payment will then be released.

The following are the specific contractual provisions from the MHLA Agreement that allows the Department to withhold/suspend payment:

Agreement

Paragraph 8.28, GENERAL PROVISIONS FOR ALL INSURANCE COVERAGE,
Subparagraph 8.28.4, Failure to Maintain Insurance:

"Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of this Agreement, upon which County immediately may withhold payments due to Contractor, and/or suspend or terminate this Agreement. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement."

Agreement Exhibit A, Statement of Work

Section III, CONTRACTOR REQUIREMENTS, Subparagraph M, Performance Requirements:

"If, in the judgment of the Director, or his/her designee, the Contractor is deemed to be non-compliant with the terms and obligations assumed hereby, the Director, or his/her designee, at his/her option, in addition to, or in lieu of, other remedies provided herein, may suspend the entire MGF until such time that the performance requirements are met. A description of the work not performed, obligations not met, and whether MGF will be suspended by Department will be forwarded to the Contractor by the Director or his/her designee, in a written notice describing the reasons for said action, at least five (5) business days prior to the suspension of the MGF. If Contractor can demonstrate that its non-compliance has been remedied prior to the effective date of the suspension, such suspension shall not go into effect. When performance requirements have been satisfied, the Department will pay all suspended payments in the next payment cycle."

If you have any questions regarding insurance, please feel free to contact Melinda Apodaca, Contracts and Grants Division, at (213) 240-8410 or mapodaca@dhs.lacounty.gov.



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